

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

IN RE QIAO XING SECURITIES LITIGATION	MASTER FILE 07-CIV-7097 (DLC)
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PROOF OF CLAIM AND RELEASE

ALL CLAIMANTS (PERSONS OR ENTITIES WHO PURCHASED SHARES OF THE COMMON STOCK OR TRADED IN THE OPTIONS OF QIAO XING UNIVERSAL TELEPHONE, INC. (“QIAO XING”) DURING THE PERIOD JUNE 30, 2004 THROUGH JULY 16, 2007, INCLUSIVE (THE “CLASS PERIOD”) ARE URGED TO READ THE NOTICE OF PENDENCY OF PROPOSED CLASS ACTION AND ITS SETTLEMENT (THE “NOTICE”) ACCOMPANYING THIS PROOF OF CLAIM AND RELEASE.

I. INSTRUCTIONS

A. To recover as a Settlement Class Member based on your claims in the above litigation (the “Action”), you must have 1) purchased shares of “Qiao Xing” common stock between June 30, 2004 and July 16, 2007, both dates inclusive; 2) purchased Qiao Xing call options between June 30, 2004 and July 16, 2007, both dates inclusive; or 3) sold Qiao Xing put options between June 30, 2004 and July 16, 2007, both dates inclusive. You must not be a person who is excluded from the Class, as is defined in the Notice. You also must not be a person who requested to be excluded from the Class. If you are a Class member and not one of the excluded persons, and wish to participate in the proposed settlement (“Settlement”) of the Action, you must complete and sign this Proof of Claim and Release (“Proof of Claim”). If you fail to file a properly addressed and fully completed Proof of Claim, or fail to provide required documentation, your claim may be rejected and you may be precluded from any recovery from the proposed Settlement.

B. YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM POSTMARKED ON OR BEFORE _____, 2008 TO:

Qiao Xing Securities Litigation
Complete Claim Solutions, LLC
P.O. Box _____
West Palm Beach, FL 33416

C. If you are a Settlement Class Member and did not request exclusion, you will be bound by the terms of any judgment entered in the Action in connection with the Settlement WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM.

II. CLAIMANT IDENTIFICATION INSTRUCTIONS

A. If you purchased Qiao Xing common stock or options and registered the certificate in your name, you are the beneficial owner as well as the record purchaser. If, however, you purchased Qiao Xing common stock or options and the certificate was registered in the name of a third party, such as your stock broker or some other nominee or trustee, you are the beneficial owner even though the third party is the record purchaser listed on Qiao Xing's records. Proceeds of this Settlement will be distributed to Class members who are beneficial owners of Qiao Xing common stock or options as described in the accompanying Notice, subject to the terms and conditions of the Stipulation of Settlement ("Stipulation") described in that Notice.

B. Use Section IV of this form, entitled "Claimant Identification Schedule," to identify yourself and each owner of record, such as your stock broker, if different from the beneficial owner, of Qiao Xing common stock or options that forms the basis of this claim. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL OWNER(S), OR THE LEGAL REPRESENTATIVE OF SUCH OWNER(S), OF THE COMMON STOCK OR OPTIONS UPON WHICH THIS CLAIM IS BASED.

C. All joint owners must sign this claim. Executors, administrators, guardians, conservators, and trustees must complete and sign this claim on behalf of persons represented by them and must identify each beneficial owner or owners for whom they are acting; proof of their authority must accompany this claim and their titles or capacities must be stated.

D. The Social Security (or Taxpayer Identification) number and telephone number of the beneficial owner must be provided.

E. Failure to provide the foregoing information could delay verification or result in the rejection of the claim.

III. INSTRUCTIONS FOR SCHEDULE OF TRANSACTIONS

A. Use Section V of this form, entitled "Schedule of Transactions," to supply all required details of your transactions (purchases and sales) in Qiao Xing common stock and options that took place during the period from June 30, 2004 through July 16, 2007, inclusive.

B. If you need more space, attach separate, numbered sheets giving all of the required information in substantially the same form. Print your name and Social Security or Taxpayer Identification number at the top of each additional sheet.

C. On the schedules, provide all of the requested information with respect to all of your purchases and sales of Qiao Xing common stock and options that took place at any time during the Class Period, whether such transactions resulted in a profit or a loss.

D. The failure to report all such transactions may result in the rejection of your claim.

E. List each transaction during the Class Period separately and in the order in which they took place, *by trade date*, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list, as well as the purchase and/or sales price, excluding

commissions, taxes, and other fees. If you do not have this information, your broker may be able to help you find it.

F. Qiao Xing common stock or options acquired or disposed of for any consideration other than, or in addition to, cash must be reported as having been acquired or disposed of.

G. COPIES OF BROKER'S CONFIRMATIONS, BROKER'S ACCOUNT STATEMENTS, OR OTHER ACCEPTABLE DOCUMENTATION OF YOUR TRANSACTIONS IN QIAO XING OR OPTIONS STOCK MUST BE ATTACHED TO YOUR CLAIM. DO NOT SEND ORIGINAL DOCUMENTS, INCLUDING SHARES OF STOCK OR OPTIONS. If you no longer have copies of your broker's confirmations or statements, your broker may be able to get you copies. A complete list of acceptable supporting documentation can be found on the website: www.qiaoxingsecuritiessettlement.com.

H. Any claims submitted that contain more than 50 transactions during the Class Period are requested to be filed electronically and to provide all the purchase and sale information required in the Schedule of Transactions. For a copy of instructions and parameters concerning such a submission, contact the Claims Administrator: (1) at the website address above, and click on Qiao Xing Securities Litigation; (2) by phone at _____, or (3) by fax at (561) 651-7788.

IV. CLAIMANT IDENTIFICATION SCHEDULE

Claims must be received by the Claims Administrator postmarked no later than _____, 2008.

Please Type or Print

Please Type or Print

Beneficial Owner's Name (as it appears on your brokerage statement)

Joint Beneficial Owner's Name (as it appears on your brokerage statement)

Street Address

City

State

Zip Code

Foreign Province

Foreign Country

Social Security Number

or

Taxpayer Identification Number

(_____) _____ (Day)
Area Code Telephone Number

(_____) _____ (Evening)
Area Code Telephone Number

(_____) _____
Area Code Facsimile Number

E-Mail Address

Record Owner's Name and Address (if different from beneficial owner listed above)

Specify one of the following.

Claimant holder of Qiao Xing Common Stock, or Call or Put Options is:

____ A. Individual Claimant: I am a claimant acting in my own interest, and am the sole owner of the shares.

____ B. Joint Claimants: We are claimants acting jointly.

____ C. Corporate Claimant: I am the _____ of _____, a corporation whose address is _____. I am authorized to make this claim on behalf of the corporation. The corporation is the owner of the shares.

- ____ D. IRA Claimant: I am a claimant acting on behalf of my IRA. The shares are held in my IRA.
- ____ E. Partnership Claimant: I am a partner of _____, a partnership whose business address is _____. I am authorized to make this claim on behalf of the partnership. The partnership is the owner of the shares.
- ____ F. Decedent's Estate Claimant: I am the executor or the administrator (circle which) of the estate of _____, whose last address was _____. (Valid proof of authority must accompany this claim.)
- ____ G. Trust Claimant: I am a trustee of _____, a trust authorized under the laws of _____. I am authorized to make this claim on behalf of the trust. The trust is the owner of the shares.
- ____ H. Custodial or Guardian Claimant: I am the custodian or the guardian (circle which) for whose address is _____. (Valid proof of authority must accompany this claim.)
- ____ I. Other: (Specify)
_____.

V. SCHEDULE OF TRANSACTIONS IN QIAO XING SECURITIES

A. State the total number of shares of Qiao Xing common stock owned at the close of trading on June 29, 2004, long or short (*must be documented; see III above, Instruction G*):

B. Separately list each and every purchase of Qiao Xing common stock during the period June 30, 2004 **through** July 16, 2007, inclusive, and provide the following information (*must be documented; see III above, Instruction G*):

Trade Date (<i>list chronologically</i>) Month/Day/Year	Number of Shares Purchased	Total Cost (<i>excluding commissions,</i> <i>fees & taxes</i>)

C. Separately list each and every sale of Qiao Xing common stock during the period June 30, 2004 **through** July 16, 2007, inclusive, and provide the following information (*must be documented; see III above, Instruction G*):

Trade Date (<i>list chronologically</i>) Month/Day/Year	Number of Shares Sold	Net Proceeds (<i>excluding commissions,</i> <i>fees & taxes</i>)

D. State the total number of shares of Qiao Xing common stock you still owned at the close of trading on July 16, 2007 long or short (*must be documented; see III above, Instruction G*):

E. State the total number of Qiao Xing call options owned at the close of trading on June 29, 2004, long or short (*must be documented; see III above, Instruction G*):

F. Separately list each and every purchase of Qiao Xing call options during the period June 30, 2004 **through** July 16, 2007, inclusive, and provide the following information (*must be documented; see III above, Instruction G*):

Trade Date (<i>list chronologically</i>) Month/Day/Year	Number of Shares Purchased	Total Cost (<i>excluding commissions,</i> <i>fees & taxes</i>)

G. Separately list each and every sale of Qiao Xing call options during the period June 30, 2004 **through** July 16, 2007, inclusive, and provide the following information (*must be documented; see III above, Instruction G*):

Trade Date (<i>list chronologically</i>) Month/Day/Year	Number of Shares Sold	Net Proceeds (<i>excluding commissions,</i> <i>fees & taxes</i>)

H. State the total number of Qiao Xing call options you still owned at the close of trading on July 16, 2007 long or short (*must be documented; see III above, Instruction G*):

I. State the total number of Qiao Xing put options owned at the close of trading on June 29, 2004, long or short (*must be documented; see III above, Instruction G*):

J. Separately list each and every purchase of Qiao Xing put options during the period June 30, 2004 **through** July 16, 2007, inclusive, and provide the following information (*must be documented; see III above, Instruction G*):

Trade Date (list chronologically) Month/Day/Year	Number of Shares Purchased	Total Cost (excluding commissions, fees & taxes)

K. Separately list each and every sale of Qiao Xing put options during the period June 30, 2004 **through** July 16, 2007, inclusive, and provide the following information (*must be documented; see III above, Instruction G*):

Trade Date (list chronologically) Month/Day/Year	Number of Shares Sold	Net Proceeds (excluding commissions, fees & taxes)

L. State the total number of Qiao Xing put options you still owned at the close of trading on July 16, 2007 long or short (*must be documented; see III above, Instruction G*):

If additional space is needed, attach separate, numbered sheets, giving all required information, substantially in the same format, and print your name and Social Security or Taxpayer Identification number at the top of each sheet.

YOU MUST ALSO READ AND SIGN THE RELEASE ON PAGE 13.

**IMPORTANT: FAILURE TO ATTACH SUPPORTING DOCUMENTATION MAY
PREVENT YOU FROM RECEIVING ANY DISTRIBUTION UNDER THE
SETTLEMENT**

VI. SUBMISSION TO JURISDICTION OF COURT

I/we submit this Proof of Claim under the terms of the Stipulation. I/we also submit to the jurisdiction of the United States District Court for the Southern District of New York with respect to my/our claim as a Settlement Class Member and for purposes of enforcing the release set forth herein. I/we agree to furnish additional information to Lead Counsel to support this claim if requested to do so. I/we authorize Qiao Xing or any brokerage house with whom I/we transacted business to release to Lead Counsel, or their designee, upon their request and without notice to me/us, any and all information relating to any purchase or sale of Qiao Xing common stock or options by me/us during the Class Period.

VII. RELEASE

A. I/we hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge any and all Released Claims (as defined below) against any and all of the Defendants (as defined below) and the Released Parties (as defined below). I/we agree not to pursue such claims, either in the United States or in any foreign jurisdiction.

B. "Released Claims" means any and all known and unknown claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, foreign, statutory or common law or any other law, rule or regulation, fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class or individual in nature,

arising out of, based upon or related in any way to any of the following: (i) the allegations made in the Action (including the Related Actions) against any of the Released Parties, (ii) the allegations that could have been made in any forum by the Settlement Class Members or any of them against any of the Released Parties which arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in any of the complaints in the Action or that involve in any way events that actually or purportedly occurred during the Class Period, (iii) the purchase, sale or other disposition of Qiao Xing securities by any of the Released Parties, the Lead Plaintiff or any of the Settlement Class Members during the Class Period, or (iv) the settlement or resolution of the Action (including without limitation, any claim for attorneys' fees by the Lead Plaintiff or Settlement Class Members). Released Claims expressly includes Unknown Claims.

C. "Unknown Claims" means any and all Released Claims which Lead Plaintiff and/or any Settlement Class Members do not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties that involve in any way events that actually or purportedly occurred during the Class Period, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that upon the Effective Date, Lead Plaintiff shall expressly, and each Settlement Class Member shall be deemed to have, and by operation of the Final Approval Order and Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by law of any state or territory of the United States, federal law, foreign law, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Lead Plaintiff and Defendants acknowledge, and Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims was separately bargained for and was a key element of the Settlement. Lead Plaintiff and/or Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff intends, and Settlement Class Members are deemed to have intended for the release of the Released Claims to be effective without regard to the subsequent discovery or existence of such different or additional facts and for it to extend to Unknown Claims. The release of the Released Claims is intended to be a full and binding release of all Released Claims, including Unknown Claims, and shall be construed broadly to effect that purpose.

D. “Defendants” means Qiao Xing, Rui Lin Wu, Albert Leung, Zhi Yang Wu, Sonny Kwok Wing Hung, Ze Yun Mu, Yi Hong Zhang, and Grobstein, Horwath & Company LLP.

E. “Released Parties” means any and all present and former employees, officers and directors of Qiao Xing, including, without limitation, Defendants, and all of the persons named as defendants in the Action (including the Related Actions) at any time, and Qiao Xing, Grobstein, Horwath & Company LLP, and all of their respective past or present subsidiaries, parents, successors and predecessors, agents, attorneys, advisors (including American Appraisal Inc.), insurers, investment advisors, auditors, accountants, assigns, spouses, any member of their immediate family, or any trust which is for the benefit of any of them and/or member(s) of their

immediate family and the legal representatives, heirs or successors in interest of all of the foregoing, and any person, firm, trust, corporation, officer, director or other individual or entity in which any one of them has a controlling interest or which is related to or affiliated with any of the foregoing.

F. I/we hereby warrant and represent that I/we have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this Release or any other part or portion thereof.

G. This Release shall be of no force or effect unless the United States District Court approves the Stipulation and unless the Stipulation becomes effective as to the Defendants on the Effective Date (as defined in the Stipulation).

VIII. CERTIFICATION

I/we certify that I/we believe in good faith that I am/we are a Settlement Class Member, as defined in the Notice, or am/are acting for such person; that I/we have read and understood the contents of the Notice; that I/we have not submitted a Request for Exclusion seeking to be excluded from the Class; that I/we believe that I am/we are entitled to receive a portion of the Net Settlement Fund; and that the foregoing information is true, accurate, and complete to the best of my/our knowledge, information, and belief.

Federal law provides that the filing of a false claim is punishable by a fine of not more than \$10,000 or imprisonment for not more than five years, or both.

I/we certify that I am/we are NOT subject to backup withholding under the provisions of Section 3406(a)(1)(c) of the Internal Revenue Code.

NOTE: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, please strike out the word “NOT” in the certification above.

I/we declare under penalty of perjury under the laws of the United States that the foregoing information supplied by the undersigned and the supporting documentation attached hereto are true and correct, that I/we wish to enter into the Release, and that this Proof of Claim form was executed this ____ day of _____ (month), _____ (year)

in_____
(City, State, Country)

Signature of Claimant

(Print your name here)

Signature of Joint Claimant, if any

(Print your name here)

Signature of person signing on behalf of claimant

(Print your name here)

(Capacity of persons signing on behalf of claimant, *e.g.*, Executor, Custodian, etc.)

IMPORTANT: IF THIS CLAIM IS ON BEHALF OF JOINT OWNERS, ALL JOINT OWNERS MUST SIGN.

**ACCURATE CLAIMS PROCESSING TAKES A
SIGNIFICANT AMOUNT OF TIME
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Please sign the above Release and Certification.
2. Remember to attach only **copies** of acceptable supporting documentation, a complete list of which can be found on the Claims Administrator's website.
3. Do not send original common stock or options certificates.
4. Keep a copy of the completed claim form and documentation for your records.
5. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested, or its equivalent. **You will bear all risks of delay or non-delivery of your claim.**
6. If your address changes in the future, or if these documents were sent to an old or incorrect address please send us **written** notification of your new address.
7. If you have any questions or concerns regarding your claim, please contact the Claims Administrator at:

Qiao Xing Securities Litigation
Complete Claim Solutions, LLC
P.O. Box _____
West Palm Beach, FL 33416